



## Legislation Text

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**File #:** 09-0555, **Version:** 1

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Recommendation to request City Attorney to prepare an ordinance amending Long Beach Municipal Code Section 2.84.030, Local preference, as reflected in Exhibit A, and return to the City Council for the June 9, 2009 meeting.

In order to provide Long Beach-based businesses with a greater competitive edge when bidding on a City contract, the City Charter mandates the Council maintain a local preference ordinance. Currently, the local preference provides a 5% discount on bids entered by Long Beach-based businesses for furnishing materials, equipment, supplies, and nonprofessional services. The discount is applied to contracts of \$1 00,000 or less. Unfortunately, very few contracts are eligible, and our local preference ordinance is largely ineffective in leveling the playing field for Long Beach-based businesses.

Exhibit A would amend the local preference ordinance by increasing the discount to 10%, with the stipulation that if the discount amount exceeds \$10,000 the local preference is null and void for that specific contract. This will ensure the City does not over-extend itself, while at the same time providing Long Beach-based businesses with a competitive edge in bidding on City contracts.

These amendments are modeled after local preference ordinances of other municipalities throughout California. My staff has worked extensively with our City Procurement Officer, and has consulted with the City Manager and several department directors prior to introducing this before Council. We have reached consensus on the importance of strengthening our local preference, and I respectfully request the Council to adopt these amendments.

A stronger local preference will give Long Beach-based businesses a competitive edge, and will keep our tax dollars working in Long Beach. Other municipalities that implement strong local preference ordinances have lauded what they refer to as the "multiplier effect," which occurs when local tax dollars are spent contracting with a local-based business, and then those dollars in turn are re-spent by those local businesses, generating greater sales tax revenue and job growth.

The City Council recently approved a one-year small business enterprise (SBE) recruitment pilot program to level the playing field in our procurement process for the small business community. In order to stimulate our local economy with the limited resources available to the Council, a multi-pronged approach must be taken, and a stronger local preference would be a useful tool in achieving greater Long Beach-based business participation in City contracting.

Approve recommendation.

MAYOR BOB FOSTER